

United States Mint

Program Summary by Account

(Dollars in thousands)

Budget Activity	FY 2006	FY 2007	FY 2008	
	Obligated	Estimated	Estimated	Increase/ Decrease Percent Change
Manufacturing	1,469,100	1,911,439	1,859,892	(51,547) (2.7%)
Protection	36,917	38,121	39,143	1,022 2.7%
Total Cost of Operations	\$1,506,017	\$1,949,560	\$1,899,035	(\$50,525) (2.6%)
Capital Investments	\$21,284	\$38,484	\$38,469	(\$1,015) 2.6%

(Not included in Total Cost of Operations above)

Explanation of Budget Estimate

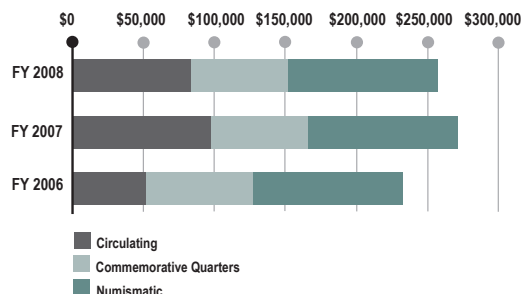
The United States Mint manufactures and delivers domestic circulating coinage, numismatic coinage, and bullion products. Furthermore it provides security for assets, including the government's stock of gold bullion, silver bullion, coins and coinage metals.

The United States Mint's key priorities for FY 2008 include:

- Efficiently and effectively produce and distribute approximately 15.1 billion coins to meet demand for circulation during FY 2008.
- Continue to produce and ship Presidential \$1 Coin Act products, including Presidential \$1 coins for circulation, Sacagawea \$1 coins for circulation, 24-karat First Spouse Gold coins and 24-karat Gold Bullion coins.
- Produce and distribute required numismatic products and sets, as well as other numismatic items, in quantities sufficient to make them accessible, available, and affordable to Americans who chose to purchase them.

United States Mint Revenue History

(Dollars in Thousands)



- Produce coins for the final year of the United States Mint 50 State Quarters® Program to honor the following states: Oklahoma, New Mexico, Arizona, Alaska, and Hawaii. These five states conclude the 50 State Quarters Program.

For FY 2008 United States Mint estimated total revenues are \$2,574,112,000, total expenses are \$1,899,035,000, capital investments are \$38,469,000, and net results are \$675,077,000.

Purpose of Program

Since FY 1996, the United States Mint has been operating under the United States Mint's Public Enterprise Fund (PEF). As authorized by Public Law 104-52 (31 U.S.C. § 5136), the PEF eliminates the need for appropriations. Proceeds from the sales of circulating coins to the Federal Reserve Banks and numismatic items to the public are the source of funding for operations. Both operating expenses and capital investments are associated with the production of circulating and numismatic coins and coin-related products, and protective services. Revenues in excess of amounts required by the PEF are transferred to the United States Treasury General Fund.

Explanation of Budget Activities

Manufacturing (\$1,859,892,000 from reimbursable programs) The United States Mint manufactures and sells coin products. For budget reporting purposes, these products are grouped into three programs: Circulating Coinage, 50 State Quarters, and Numismatic.

Circulating Coinage includes the one-cent coin, five-cent coin, dime, half-dollar and dollar used to conduct trade and commerce. The focus of this program is to produce and deliver coins for circulation to meet the needs of the United States in a cost efficient and safe manner with state-of-the-art manufacturing technology and equipment. The United States Mint delivers the circulating coinage to the Federal Reserve Banks for distribution as demanded by commerce.

In FY 2007, the United States Mint will introduce the Presidential \$1 Coin program which commemorates the service of former United States Presidents in the order in which they served the nation. Four different coin designs will be minted each year. The year 2007 will feature Presidents Washington, Adams, Jefferson and Madison. The year 2008 will feature Presidents Monroe, (John Quincy) Adams, Jackson and Van Buren.

50 State Quarters Program

The 50 State Quarters Program began in 1999 to commemorate and honor each of the 50 states over a ten-year period. Five new commemorative quarter-dollar coins are produced each year. Each quarter's reverse celebrates one of the 50 states with a design honoring that state's unique history, traditions, and symbols. The quarters are released in the same order that the states ratified the United States Constitution or were admitted into the Union. The releases for 2007 are Montana, Washington, Idaho, Wyoming, and Utah. The 2008 quarters will depict designs for Oklahoma, New Mexico, Arizona, Alaska and Hawaii. The quarters are circulating coins; however, by statute, the revenue from this program is considered numismatic for budgetary reporting purposes. The Program is displayed separately in the narrative and the financial schedules to present a clearer picture of its impact. The United States Mint plans to spend \$410 million to produce and ship approximately 2.7 billion quarters, generating revenues of \$687 million dollars in FY 2008.

Numismatic Program

The Numismatic Program includes six types of coin products, which the United States Mint markets and sells to the public, including: 1) Bullion Coins, 2) American Eagle Proof Coins, 3) 24-karat Proof Program, 4) Recurring Coin Programs, 5) Commemorative Coins, and 6) Medals. The program

focuses on providing quality products and services, expanding markets and supporting the long-term objectives. The current FY 2008 budget estimate includes resource needs of \$1,041 million to generate \$1,050 million in revenues from the sale of these products.

Protection (\$39,143,000 from reimbursable programs)

The United States Mint secures over \$100 billion in market value of the nation's gold reserves, silver, and other assets. The United States Mint Police protects assets while safeguarding United States Mint employees against potential threats at its facilities across the country. The United States Mint Police addresses possible threats by ensuring good perimeter security at all sites; increasing coordination with various federal, state and local law enforcement agencies; and ensuring that proper policies are in place, and procedures followed, in handling the assets used to produce and transport coinage.

Legislative Proposals

The United States Mint has no legislative proposals for FY 2008.

Capital Investments Summary

The Retail Sales System (RS2), formerly reported as the e-Business Solution Project (eSP), was developed in response to a growing need to meet the rapidly expanding numismatic market and to take advantage of new technology that would better support business requirements. RS2 was designed to meet high public demand for E-Government services and provide an easy and secure way for customers to order products directly from the United States Mint. An integrated mail order and cataloging system supports both the United States Mint's core mission.

United States Mint Performance by Budget Activity

Budget Activity	Performance Measure	FY 2004	FY 2005	FY 2006		FY 2007	FY 2008
		Actual	Actual	Actual	Target Met?	Target	Target
Manufacturing	Cost per 1,000 Coin Equivalents \$(E)	7.93	7.42	7.55	X	7.27	7.15
Protection	Total Losses \$(Oe)	Baseline	1,135	0	✓	10,000	5,000

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Cust. Satisfaction

Description of Performance

The United States Mint's costs vary by product, and the product mix has been variable over time. This makes it difficult to compare operating results from year to year. The coin equivalent calculation converts the production output to a common denominator based on the circulating quarter. Production costs, excluding metal and fabrication, are then divided by this standardized production level, thus resulting in "conversion costs per 1,000 coin equivalents." This allows comparison of performance over time by negating the effects of changes in the product mix. The Cost per 1,000 Coin Equivalents for FY 2006 is \$7.55, a slight increase from \$7.42 in FY 2005. The performance did not meet the target of \$6.62. This

ambitious target was a stretch goal, an 11 percent drop from the FY 2005 actual result, and was set based upon forecasted volume, product mix, and cost estimates. Differences in the actual volumes or the product mix from forecast affects the achievement of specific targets in any given year.

Total losses through FY 2006 were \$0 (zero) compared with \$1,135 in FY 2005. This performance exceeds the target of \$15,000. This measures the results of fraud cases (e.g. credit card fraud during the purchase of United States Mint products by the public), theft cases, or intrusions that cause damage to United States Mint property. Results are from cases that have been investigated and closed during the fiscal year.

